

## Message Text

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46

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

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R 221123Z MAY 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 5394

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USINT BAGHDAD

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E.O. 11652: N/A

TAGS: EIND, EINV, EGEN, KU

SUBJECT: GOK INTEREST IN PROMOTING FOREIGN OPERATIONS OF  
DOMESTIC COMPANIES

1. DISCUSSION WITH ASSISTANT UNDERSECRETARY, GOK MINISTRY OF  
COMMERCE AND INDUSTRY, MOHAMMAD MADOOH, HAS REVEALED A NEW GOK  
INTEREST IN ENCOURAGING KUWAIT PRIVATE MANUFACTURERS TO ACTIVELY  
SEEK OUT OPPORTUNITIES FOR INVESTMENT AND JOINT VENTURES OUTSIDE  
KUWAIT, IN PARTICULAR THE ARABIAN PENINSULA. HE SAID THAT THE  
GOK RECENTLY HELD A MEETING WITH THE BUSINESS COMMUNITY TO APPEAL  
TO THEM TO SET UP WITH SAUDI AND OTHER GULF STATE BUSINESSMEN  
JOINT VENTURES IN MANUFACTURING.

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2. MADOOH HIMSELF CRITICIZED THE PREVALENT KUWAIT PREFERENCE FOR

SAFE INVESTMENTS THAT DO NOT INVOLVE ACTIVE EFFORT. HE NOTED THAT PRIVATE COMPANIES HERE WERE IGNORING IMPORTANT OPPORTUNITIES FOR PRODUCTIVE INVESTMENT THAT THE ARABIAN PENINSULA'S ECONOMIC DEVELOPMENT WAS PRESENTING.

MADOOH ALSO OBSERVED THAT MANUFACTURING OPERATIONS SET UP BY LARGE KUWAIT TRADING COMPANIES (HE MENTIONED A CABLE AND WIRE FACTORY BEING SET UP BY M.A. AL-KHORAFI EST.) WOULD NOT RECEIVE THE FULL ATTENTION OF THE PARENT CONCERN, WHICH WOULD CONCENTRATE ON ITS MAIN ECONOMIC ACTIVITY (IN THIS CASE CONSTRUCTION). GIVEN THE RATHER ACTIVE COMPETITION THAT OTHER GULF BUSINESSMEN COULD PRESENT, THIS WOULD WEAKEN COMPANIES' CHANCES FOR SUCCESS.

3. COMMENT: NEW INITIATIVE IS IN KEEPING WITH KUWAIT'S PUSH FOR ECONOMIC COOPERATION ALREADY MANIFESTED IN SEVERAL FIELDS: FORMATION IN DOHA OF A GULF INDUSTRIAL CONSULTANCY AGENCY, RECENT VISITS BY GOK FOREIGN MINISTRY UNDERSECRETARY AL-RASHED PROMOTING COOPERATION VIA A GULF COMMON MARKET, RECENTLY SIGNED KUWAIT-SAUDI CUSTOMS AGREEMENT REMOVING DUTIES FOR EACH COUNTRY'S LOCALLY PRODUCED MATERIAL, THE ESTABLISHMENT OF A UNITED ARAB SHIPPING COMPANY, ETC. MOTIVATION BEHIND SUCH POLICY MOVE HAS SEVERAL ASPECTS. ONE MOST RELEVANT FOR INDUSTRY IS THAT SMALL SIZE OF KUWAITI MARKET FOR EVEN VERY SIMPLE MANUFACTURED GOODS WILL FORCE KUWAITI ENTREPRENEURS TO LOOK TO THEIR IMMEDIATE NEIGHBORS FOR MARKET OPPORTUNITIES. MARKET ACCESS, THEREFORE, WILL BECOME AN IMPORTANT GOAL, WHETHER BY CUSTOMS ARRANGEMENTS OR BY JOINT VENTURE OPERATIONS. MADOOH CONCEDED THAT LOWER GULF STATES WERE MORE CAUTIOUS TOWARD ECONOMIC COOPERATION THAN KUWAITIS, BUT HE ALSO SPOKE OPTIMISTICALLY ABOUT DISCERNIBLE TRENDS TOWARD GREATER COOPERATION INCLUDING IN THE INDUSTRIAL AREA.

MAU

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